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By: **Delegate Cardin**

Introduced and read first time: February 13, 2004

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2                                   **Gaming and Video Lottery Terminals - State Lottery Commission -**  
3                                   **Licensing, Revenues, and Operations**

4 FOR the purpose of requiring the Governor to negotiate a revenue sharing agreement  
5 with neighboring states that have gaming facilities with video lottery terminals,  
6 based in part on the number of State visitors to those gaming facilities;  
7 requiring that the revenue raised by the revenue sharing agreement be paid into  
8 the General Fund; providing that this Act does not apply to certain slot  
9 machines, certain lotteries, certain wagering on horse racing, or certain  
10 organizations; requiring the proceeds from video lottery terminals to be under  
11 the control of the Commission; requiring the Comptroller to distribute the  
12 proceeds to certain funds in a certain manner; requiring all video lottery  
13 terminal devices and equipment to be under the control of the Commission;  
14 providing that only a person with a video lottery facility license may offer a  
15 video lottery terminal for public use in the State; requiring the Commission to  
16 contract with one or more licensed manufacturers for the lease or purchase of  
17 the video lottery terminal devices and equipment; providing that a licensee may  
18 select, from a licensed manufacturer, the types of terminals that the licensee  
19 desires; requiring, under certain circumstances, that the Commission purchase  
20 or lease the terminals selected by the licensee; prohibiting the Commission from  
21 purchasing or leasing more than a certain amount of terminals to be located at  
22 any one facility and at all facilities in the State; requiring the licensee to be  
23 responsible for all marketing, advertising, and promoting for its facility;  
24 requiring the Commission to contract with a private management company to  
25 provide on-site management at each facility; requiring certain persons to be  
26 licensed; requiring the Commission to use a certain competitive process to select  
27 applicants to be issued a license; requiring the Commission to conduct certain  
28 investigations and hearings; authorizing the Commission to deny, suspend, and  
29 revoke certain licenses under certain circumstances; requiring the Commission  
30 to establish certain regulations; providing for the term and renewal of a license;  
31 requiring the license to revert to the State under certain circumstances;  
32 requiring, under certain circumstances, the State to reimburse the licensee a  
33 certain amount of money after renovations or improvements to the facility;  
34 requiring the Commission to issue a certain amount of the proceeds from the  
35 sale of bond anticipation notes to a licensee for payment for development of a

1 facility; establishing the duties of the Commission; creating a Destination Site  
2 Development Fund; providing for certain distributions from the Destination Site  
3 Development Fund for development of a facility; providing that the Destination  
4 Site Development Fund may only increase by adding certain money or through  
5 the legislative process; creating a Compulsive Gambling Treatment Fund;  
6 providing for certain distributions from the Compulsive Gambling Treatment  
7 Fund for a certain compulsive gambling center and other organizations  
8 dedicated to certain issues relating to compulsive gambling; providing for a  
9 community relations liaison for each community in the surrounding area of a  
10 facility; requiring each facility owner to employ a liaison; establishing certain  
11 duties of the liaison, including reporting to the General Assembly on certain  
12 issues relating to certain communities; requiring certain communities to  
13 establish certain coalitions relating to the impact of the facility on the  
14 community; establishing the composition of the coalition; creating a Community  
15 Impact Fund for each facility; requiring the Community Impact Fund to remain  
16 dormant until a coalition is established with a certain organization in certain  
17 communities; providing for certain distributions from the Community Impact  
18 Fund for the needs of certain communities in order to maintain the facility in  
19 the community; authorizing the State Racing Commission to allocate from the  
20 Maryland-Bred Race Fund a certain credited percentage to be distributed to  
21 certain boards and departments for equine studies; defining certain terms; and  
22 generally relating to gaming and the operation of video lottery terminals in the  
23 State.

24 BY adding to  
25 Article - Criminal Law  
26 Section 12-401 through 12-423 to be under the new subtitle "Subtitle 4. Video  
27 Lottery Terminals"  
28 Annotated Code of Maryland  
29 (2002 Volume and 2003 Supplement)

30 BY repealing and reenacting, without amendments,  
31 Article - Business Regulation  
32 Section 11-529, 11-530, 11-531, and 11-535  
33 Annotated Code of Maryland  
34 (1998 Replacement Volume and 2003 Supplement)

35 Preamble

36 WHEREAS, After an in-depth study of expanded gaming in Maryland, a  
37 number of realities have surfaced. As of 2003, Maryland is losing a net income of over  
38 \$400,000,000 in gaming revenue to neighboring states because Marylanders are  
39 traveling across State lines to use neighboring gaming facilities. Those revenues are  
40 supporting business of other states and filling the coffers of other states; and

41 WHEREAS, While research studies cannot give the State perfect data, the  
42 experts believe that expanded gaming will significantly reduce revenues from

1 existing gaming, and will diminish disposable income of Marylanders and tourists  
2 that would have been spent on taxable goods; and

3 WHEREAS, There is a moral issue relating to the expansion of gaming and the  
4 social costs associated with it. The General Assembly currently applies cost/benefit  
5 analyses to its policy decisions. Expanded gaming is one option among many to  
6 increase badly needed revenues for the State. The General Assembly finds that the  
7 benefits of expanded gaming are greater than the costs; and

8 WHEREAS, The goal of the General Assembly in searching for a viable gaming  
9 policy four-fold: to tap new sources of revenues from outside the State, to recapture  
10 lost revenues, to maximize State profits, and to aid small business and community  
11 development; now, therefore,

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Criminal Law**

15 **SUBTITLE 4. VIDEO LOTTERY TERMINALS.**

16 12-401.

17 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
18 INDICATED.

19 (B) "APPLICANT" MEANS A PERSON THAT APPLIES FOR ANY LICENSE  
20 REQUIRED UNDER THIS SUBTITLE.

21 (C) "COMMISSION" MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES,  
22 THE STATE LOTTERY COMMISSION.

23 (D) "COSTS" MEANS, UNLESS THE CONTEXT OTHERWISE REQUIRES, THE  
24 EXPENSES INCURRED BY THE COMMISSION IN THE ADMINISTRATION OF THIS  
25 SUBTITLE, INCLUDING:

26 (1) THE COSTS OF LEASING, OR THE CAPITALIZED COSTS OF  
27 PURCHASING, THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND  
28 CENTRAL COMPUTER;

29 (2) THE COSTS TO REPAIR AND MAINTAIN THE VIDEO LOTTERY  
30 TERMINALS, ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER TO THE EXTENT  
31 THAT THESE COSTS ARE NOT INCLUDED IN THE COSTS DESCRIBED IN ITEM (1) OF  
32 THIS SUBSECTION;

33 (3) THE COSTS OF TESTING AND EXAMINING THE VIDEO LOTTERY  
34 TERMINALS; AND

35 (4) THE COSTS OF PERFORMING BACKGROUND INVESTIGATIONS AND  
36 OTHER RELATED ACTIVITIES.

1 (E) "FACILITY" MEANS A VIDEO LOTTERY TERMINAL FACILITY.

2 (F) (1) "LICENSEE" MEANS AN APPLICANT THAT HAS BEEN ISSUED A VIDEO  
3 LOTTERY TERMINAL FACILITY LICENSE FROM THE STATE LOTTERY COMMISSION.

4 (2) "LICENSEE" INCLUDES, UNLESS THE CONTEXT OTHERWISE  
5 REQUIRES, AN APPLICANT WHO HAS BEEN ISSUED ANY LICENSE REQUIRED UNDER  
6 THIS SUBTITLE FROM THE COMMISSION.

7 (G) "NET PROCEEDS" MEANS THE PROCEEDS LESS THE COSTS INCURRED BY  
8 THE COMMISSION IN ADMINISTERING THIS SUBTITLE.

9 (H) "PROCEEDS" MEANS THE PART OF THE AMOUNT OF MONEY THAT IS BET  
10 THROUGH STATE VIDEO LOTTERY TERMINALS THAT IS NOT RETURNED TO  
11 SUCCESSFUL PLAYERS BUT IS OTHERWISE ALLOCATED UNDER THIS SUBTITLE.

12 (I) "VIDEO LOTTERY TERMINAL" MEANS AN ELECTRONIC CONTRIVANCE,  
13 MACHINE, OR OTHER DEVICE THAT, BY THE INSERTION OF AN OBJECT SUCH AS A  
14 COIN OR TOKEN OR ON PAYMENT OF CONSIDERATION, ENTITLES THE PLAYER WHO  
15 OPERATES THE DEVICE, WHETHER BY SKILL OR CHANCE, TO RECEIVE:

16 (1) TOKENS; OR

17 (2) ANYTHING OF VALUE, INCLUDING CASH, PREMIUMS, AND  
18 MERCHANDISE.

19 (J) "VIDEO LOTTERY TERMINAL" INCLUDES A VIDEO, ELECTRONIC,  
20 MECHANICAL, OR OTHER POKER OR BLACKJACK CONTRIVANCE, MACHINE, OR  
21 OTHER DEVICE.

22 12-402.

23 THIS SUBTITLE DOES NOT APPLY TO:

24 (1) SLOT MACHINES COVERED UNDER §§ 12-304 THROUGH 12-306 OF  
25 THIS TITLE;

26 (2) LOTTERIES CONDUCTED UNDER TITLE 9, SUBTITLE 1 OF THE STATE  
27 GOVERNMENT ARTICLE;

28 (3) WAGERING ON HORSE RACING CONDUCTED UNDER TITLE 11 OF THE  
29 BUSINESS REGULATION ARTICLE; OR

30 (4) GAMING CONDUCTED BY A BONA FIDE FRATERNAL, CIVIC, WAR  
31 VETERANS', RELIGIOUS, OR CHARITABLE ORGANIZATION, VOLUNTEER FIRE  
32 COMPANY, OR SUBSTANTIALLY SIMILAR ORGANIZATION INCLUDED UNDER TITLE 12  
33 OR TITLE 13 OF THIS ARTICLE.

1 12-403.

2 (A) THE GOVERNOR SHALL NEGOTIATE A REVENUE SHARING AGREEMENT  
3 WITH EACH NEIGHBORING STATE WITH GAMING FACILITIES THAT FEATURE VIDEO  
4 LOTTERY TERMINALS, BASED IN PART ON THE NUMBER OF STATE VISITORS TO  
5 THOSE GAMING FACILITIES.

6 (B) REVENUE REALIZED BY A REVENUE SHARING AGREEMENT WITH A  
7 NEIGHBORING STATE SHALL BE PAID INTO THE GENERAL FUND OF THE STATE.

8 (C) VIDEO LOTTERY TERMINALS MAY NOT BE INSTALLED NEAR THE BORDER  
9 OF A NEIGHBORING STATE WHEN A REVENUE SHARING AGREEMENT WITH THAT  
10 STATE IS IN EFFECT.

11 12-404.

12 (A) THE PROCEEDS FROM VIDEO LOTTERY TERMINALS SHALL BE UNDER THE  
13 CONTROL OF THE COMMISSION AND SHALL BE DISTRIBUTED BY THE COMPTROLLER  
14 AS PROVIDED IN THIS SECTION.

15 (B) FROM THE PROCEEDS FROM THE VIDEO LOTTERY TERMINALS FOR EACH  
16 RESPECTIVE FACILITY, PRIOR TO CALCULATING THE TOTAL NET PROCEEDS OF ALL  
17 VIDEO LOTTERY TERMINALS IN THE STATE, THE COMPTROLLER SHALL DISTRIBUTE  
18 AT LEAST 5% OF EACH FACILITY'S PROCEEDS TO THAT FACILITY'S COMMUNITY  
19 IMPACT FUND ESTABLISHED UNDER § 12-422 OF THIS SUBTITLE.

20 (C) FROM THE PROCEEDS FROM THE VIDEO LOTTERY TERMINALS FOR ALL  
21 FACILITIES, AFTER PAYING INTO EACH FACILITY'S COMMUNITY IMPACT FUND FROM  
22 EACH RESPECTIVE FACILITY'S PROCEEDS AS REQUIRED BY SUBSECTION (B) OF THIS  
23 SECTION, THE COMPTROLLER SHALL PAY THE COSTS INCURRED BY THE  
24 COMMISSION IN ADMINISTERING THIS SUBTITLE BASED ON A SCHEDULE  
25 DETERMINED BY THE COMMISSION.

26 (D) FROM THE NET PROCEEDS FROM VIDEO LOTTERY TERMINALS FOR ALL  
27 FACILITIES, THE COMMISSION SHALL:

28 (1) PRIOR TO ANALYZING THE COST/BENEFIT ANALYSIS REQUIRED  
29 UNDER § 12-417 OF THIS SUBTITLE, TRANSFER \$25 MILLION OR THE AMOUNT TO BE  
30 GAINED IN ESTIMATED REVENUES IF THAT AMOUNT IS LESS THAN \$25 MILLION, TO  
31 THE MARYLAND-BRED RACE FUND, ESTABLISHED UNDER § 12-530 OF THE BUSINESS  
32 REGULATION ARTICLE, IN ACCORDANCE WITH § 12-423 OF THIS SUBTITLE; AND

33 (2) DISTRIBUTE AT LEAST 5% TO THE COMPULSIVE GAMBLING  
34 TREATMENT FUND ESTABLISHED UNDER § 12-419 OF THIS SUBTITLE.

35 (E) FROM THE NET PROCEEDS FROM THE VIDEO LOTTERY TERMINALS FOR  
36 ALL FACILITIES, AFTER THE DEDUCTIONS FROM THE PROCEEDS OF THE AMOUNTS  
37 DESCRIBED UNDER SUBSECTIONS (B) THROUGH (D) OF THIS SUBSECTION, THE  
38 COMMISSION SHALL DISTRIBUTE, BASED ON A SCHEDULE DETERMINED BY THE  
39 COMMISSION, THE REMAINING AMOUNT TO THE GENERAL FUND OF THE STATE.

1 12-405.

2 (A) EACH VIDEO LOTTERY TERMINAL DEVICE AND ASSOCIATED EQUIPMENT  
3 SHALL BE OWNED OR LEASED BY THE COMMISSION AND SHALL BE UNDER THE  
4 CONTROL OF THE COMMISSION.

5 (B) ONLY A LICENSEE MAY OFFER A VIDEO LOTTERY TERMINAL FOR PUBLIC  
6 USE IN THE STATE UNDER THIS SUBTITLE.

7 12-406.

8 (A) THE COMMISSION SHALL CONTRACT WITH ONE OR MORE LICENSED  
9 MANUFACTURERS FOR THE LEASE OR PURCHASE OF THE VIDEO LOTTERY  
10 TERMINALS AND ASSOCIATED EQUIPMENT AUTHORIZED UNDER THIS SUBTITLE.

11 (B) (1) A LICENSEE MAY SELECT, FROM A MANUFACTURER LICENSED  
12 UNDER THIS SUBTITLE, THE TYPES OF VIDEO LOTTERY TERMINALS THAT THE  
13 LICENSEE DESIRES TO INSTALL AT THE FACILITY.

14 (2) UNLESS THE REQUEST OF THE LICENSEE IS UNREASONABLE, THE  
15 COMMISSION SHALL PURCHASE OR LEASE THE VIDEO LOTTERY TERMINALS  
16 SELECTED BY THE LICENSEE.

17 (C) THE COMMISSION MAY NOT PURCHASE OR LEASE MORE THAN:

18 (1) 3,000 VIDEO LOTTERY TERMINALS TO BE LOCATED AT ANY ONE  
19 FACILITY; AND

20 (2) 12,000 VIDEO LOTTERY TERMINALS IN TOTAL TO BE LOCATED AT ALL  
21 OF THE FACILITIES IN THE STATE.

22 (D) THE COMMISSION SHALL COMPLY WITH THE REQUIREMENTS OF THE  
23 STATE FINANCE AND PROCUREMENT ARTICLE, INCLUDING REQUIREMENTS FOR  
24 COMPETITIVE BIDS FOR PROCUREMENT CONTRACTS.

25 12-407.

26 (A) A LICENSEE SHALL BE RESPONSIBLE FOR ALL MARKETING, ADVERTISING,  
27 AND PROMOTION FOR ITS VIDEO LOTTERY TERMINAL OPERATIONS.

28 (B) (1) A LICENSEE MAY NOT CONTRACT WITH AN EMPLOYEE OF THE VIDEO  
29 LOTTERY FACILITY OPERATOR TO PROVIDE ANY OF THE FOOD OR ENTERTAINMENT  
30 SERVICES RELATED TO OPERATING A FACILITY.

31 (2) A LICENSEE SHALL HAVE AN OPEN SUB-BIDDING PROCESS TO  
32 ALLOW NONVESTED COMPANIES TO BID FOR FOOD OR ENTERTAINMENT VENUES  
33 ASSOCIATED WITH THE OPERATION OF A FACILITY.

34 (C) A LICENSEE WHO OWNS A FACILITY MAY OPERATE TABLE GAMES,  
35 INCLUDING BLACK JACK, POKER, AND BACCARAT AT THAT FACILITY.

1 (D) A LICENSEE SHALL LIMIT THE LINE OF CREDIT ADVANCED TO A  
2 CUSTOMER WITHIN A 24-HOUR PERIOD TO AN AMOUNT NOT TO EXCEED \$500 PER  
3 CUSTOMER.

4 (E) (1) IF THE LICENSEE OWNS A FACILITY AT A RACETRACK AUTHORIZED  
5 BY LAW IN THE STATE, THE LICENSEE MAY ALLOW PARI-MUTUEL BETTING,  
6 INTERTRACK BETTING, AND SATELLITE SIMULCAST BETTING.

7 (2) IF THE LICENSEE IS A RACETRACK, THE LICENSEE MAY HOLD  
8 NIGHTTIME RACING.

9 (F) THE OWNER OR OPERATOR OF A FACILITY:

10 (1) MAY NOT OFFER FREE MEALS OR COMPLIMENTARY ALCOHOLIC  
11 BEVERAGES; AND

12 (2) MAY OFFER HORS D'OEUVRES.

13 12-408.

14 (A) THE COMMISSION SHALL CONTRACT WITH A PRIVATE MANAGEMENT  
15 COMPANY TO OVERSEE THE ADMINISTRATION OF THE VIDEO LOTTERY TERMINALS  
16 AND ANY OTHER EXPANDED GAMING DESCRIBED IN § 12-407 OF THIS SUBTITLE THAT  
17 EXISTS AT ANY FACILITY.

18 (B) IN ADDITION TO ANY OTHER DUTIES REQUIRED UNDER THIS SUBTITLE,  
19 THE PRIVATE MANAGEMENT COMPANY DESCRIBED IN SUBSECTION (A) OF THIS  
20 SECTION SHALL:

21 (1) PROVIDE ON-SITE MANAGEMENT AT EACH FACILITY;

22 (2) (I) VERIFY WITH THE COMMISSION THAT THERE ARE NO MORE  
23 VIDEO LOTTERY TERMINALS AT ANY ONE FACILITY THAN ARE ALLOWED UNDER §  
24 12-406 OF THIS SUBTITLE; AND

25 (II) IF A FACILITY EXCEEDS THE NUMBER OF VIDEO LOTTERY  
26 TERMINALS THAT ARE ALLOWED UNDER § 12-406 OF THIS SUBTITLE, REPORT THE  
27 VIOLATION TO THE COMMISSION AND THE COMMISSION SHALL ASSESS A PENALTY  
28 TO THE FACILITY NOT EXCEEDING AN AMOUNT UNDER § 12-412 OF THIS SUBTITLE.

29 (3) COLLECT ALL FEES ASSESSED AND PROCEEDS GAINED UNDER THIS  
30 SUBTITLE; AND

31 (4) DELIVER ALL FEES ASSESSED AND PROCEEDS GAINED UNDER THIS  
32 SUBTITLE TO THE COMMISSION TO DISTRIBUTE AS REQUIRED UNDER § 12-404 OF  
33 THIS SUBTITLE.

1 12-409.

2 THE FOLLOWING PERSONS SHALL BE LICENSED UNDER THIS SUBTITLE:

3 (1) A VIDEO LOTTERY OPERATOR;

4 (2) A MANUFACTURER OF THE VIDEO LOTTERY TERMINAL;

5 (3) A PERSON NOT LICENSED UNDER ITEM (1) OR (2) OF THIS SECTION  
6 WHO MANAGES, OPERATES, SUPPLIES, PROVIDES SECURITY FOR, OR SERVICES,  
7 MAINTAINS, OR REPAIRS VIDEO LOTTERY TERMINALS; AND

8 (4) A FACILITY EMPLOYEE.

9 12-410.

10 AN APPLICANT FOR A FACILITY LICENSE, IN ORDER TO BE ELIGIBLE FOR  
11 CONSIDERATION BY THE COMMISSION FOR SUCH A LICENSE, SHALL PROVIDE  
12 EVIDENCE THAT:

13 (1) A COST/BENEFIT ANALYSIS WAS PERFORMED IN ACCORDANCE WITH  
14 § 12-417 OF THIS SUBTITLE; AND

15 (2) THE COST/BENEFIT ANALYSIS CONCLUDED THAT THE STATE WOULD  
16 NET AT LEAST \$100,000,000 IN GAMING REVENUE FROM THAT FACILITY.

17 12-411.

18 (A) THE COMMISSION SHALL SELECT APPLICANTS TO BE ISSUED A FACILITY  
19 LICENSE USING A COMPETITIVE PROCESS.

20 (B) EACH APPLICANT FOR A LICENSE SHALL SUBMIT TO THE CHAIRMAN OF  
21 THE COMMISSION AN APPLICATION:

22 (1) IN THE FORM THAT THE COMMISSION REQUIRES; AND

23 (2) ON OR BEFORE THE DATE SET BY THE COMMISSION.

24 (C) (1) EACH APPLICANT OR LICENSEE HAS THE AFFIRMATIVE  
25 RESPONSIBILITY TO ESTABLISH, BY CLEAR AND CONVINCING EVIDENCE, THE  
26 APPLICANT'S OR LICENSEE'S QUALIFICATIONS.

27 (2) EACH APPLICANT OR LICENSEE SHALL PROVIDE INFORMATION  
28 REQUIRED BY THIS SUBTITLE AND SATISFY REQUESTS FOR INFORMATION RELATING  
29 TO QUALIFICATIONS IN THE FORM SPECIFIED BY THE COMMISSION.

30 (3) EACH APPLICANT OR LICENSEE SHALL CONSENT TO INSPECTIONS,  
31 SEARCHES, AND SEIZURES AUTHORIZED BY THIS SUBTITLE OR REGULATIONS  
32 ISSUED UNDER THIS SUBTITLE.

1 (4) (I) EACH APPLICANT OR LICENSEE HAS THE CONTINUING DUTY  
2 TO:

3 1. PROVIDE ASSISTANCE OR INFORMATION REQUIRED BY  
4 THE COMMISSION; AND

5 2. COOPERATE IN AN INQUIRY, INVESTIGATION, OR  
6 HEARING CONDUCTED BY THE COMMISSION.

7 (II) ON ISSUANCE OF A FORMAL REQUEST TO ANSWER OR  
8 PRODUCE INFORMATION, EVIDENCE, OR TESTIMONY, IF AN APPLICANT OR LICENSEE  
9 REFUSES TO COMPLY, THE APPLICATION OR LICENSE OF THE PERSON MAY BE  
10 DENIED, SUSPENDED, OR REVOKED BY THE COMMISSION.

11 (5) EACH APPLICANT SHALL BE PHOTOGRAPHED AND FINGERPRINTED  
12 FOR IDENTIFICATION AND INVESTIGATION PURPOSES UNDER PROCEDURES  
13 ESTABLISHED IN REGULATIONS THAT SHALL BE ISSUED BY THE COMMISSION.

14 (6) (I) EACH APPLICANT OR LICENSEE HAS A DUTY TO INFORM THE  
15 COMMISSION OF AN ACT OR OMISSION THAT THE PERSON BELIEVES CONSTITUTES A  
16 VIOLATION OF THIS SUBTITLE OR THE REGULATIONS ISSUED UNDER THIS SUBTITLE.

17 (II) AN APPLICANT OR LICENSEE MAY NOT DISCRIMINATE AGAINST  
18 A PERSON WHO INFORMS THE COMMISSION OF AN ACT OR OMISSION THAT THE  
19 PERSON BELIEVES CONSTITUTES A VIOLATION OF THIS SUBTITLE OR THE  
20 REGULATIONS ISSUED UNDER THIS SUBTITLE.

21 (7) EACH APPLICANT OR LICENSEE SHALL PRODUCE INFORMATION,  
22 DOCUMENTATION, AND ASSURANCES TO ESTABLISH THE FOLLOWING  
23 QUALIFICATION CRITERIA BY CLEAR AND CONVINCING EVIDENCE:

24 (I) THE FINANCIAL STABILITY, INTEGRITY, AND RESPONSIBILITY  
25 OF THE APPLICANT OR LICENSEE;

26 (II) THE INTEGRITY OF THE FINANCIAL BACKERS, INVESTORS,  
27 MORTGAGEES, BONDHOLDERS, AND HOLDERS OF OTHER EVIDENCES OF  
28 INDEBTEDNESS THAT BEAR A RELATION TO THE APPLICATION;

29 (III) THE APPLICANT'S OR LICENSEE'S GOOD CHARACTER AND  
30 HONESTY;

31 (IV) THE APPLICANT'S OR LICENSEE'S SUFFICIENT BUSINESS  
32 ABILITY AND EXPERIENCE;

33 (V) THE SUITABILITY OF THE FACILITY AND ITS LOCATION;

34 (VI) FACILITY CONTRACT OWNERSHIP IS OWNED BY:

35 1. BUSINESS ENTITIES OWNED BY MINORITY INDIVIDUALS  
36 OR BY WOMEN, WITH A MINIMUM CONTRACT OWNERSHIP PERCENTAGE OF 25%; AND



1 (IX) THE NAMES OF INDIVIDUALS OTHER THAN THE DIRECTORS  
2 AND OFFICERS WHO OCCUPY POSITIONS SPECIFIED BY THE COMMISSION OR WHOSE  
3 COMPENSATION EXCEEDS AN AMOUNT DETERMINED BY THE COMMISSION;

4 (X) THE NAMES OF PERSONS WHO OWN OR CONTROL THE  
5 CORPORATION;

6 (XI) A DESCRIPTION OF ALL BONUS AND PROFIT-SHARING  
7 ARRANGEMENTS;

8 (XII) COPIES OF MANAGEMENT AND SERVICE CONTRACTS; AND

9 (XIII) A LISTING OF STOCK OPTIONS.

10 (10) IF A CORPORATION THAT APPLIES FOR OR IS HOLDING A FACILITY  
11 LICENSE IS TO BECOME A SUBSIDIARY, EACH HOLDING COMPANY AND EACH  
12 INTERMEDIARY COMPANY, WITH RESPECT TO THE CORPORATION, AS A CONDITION  
13 OF THE SUBSIDIARY ACQUIRING OR RETAINING A FACILITY LICENSE, SHALL:

14 (I) QUALIFY TO DO BUSINESS IN THIS STATE;

15 (II) IF IT IS A CORPORATION, FURNISH THE COMMISSION WITH THE  
16 INFORMATION REQUIRED OF A CORPORATE APPLICANT SPECIFIED IN PARAGRAPH (9)  
17 OF THIS SUBSECTION AND OTHER INFORMATION THAT THE COMMISSION MAY  
18 REQUIRE; OR

19 (III) IF IT IS NOT A CORPORATION, FURNISH THE COMMISSION WITH  
20 THE INFORMATION THE COMMISSION MAY REQUIRE.

21 (11) A NONCORPORATE APPLICANT FOR A FACILITY LICENSE SHALL  
22 PROVIDE THE INFORMATION REQUIRED UNDER PARAGRAPH (8) OF THIS  
23 SUBSECTION IN THE FORM REQUIRED BY THE COMMISSION.

24 (12) THE COMMISSION SHALL DENY A FACILITY LICENSE TO AN  
25 APPLICANT WHO IS DISQUALIFIED ON THE BASIS OF ANY OF THE FOLLOWING  
26 CRITERIA:

27 (I) FAILURE OF THE APPLICANT TO PROVE, BY CLEAR AND  
28 CONVINCING EVIDENCE, THAT THE APPLICANT AND EACH PERSON WHO OWNS OR  
29 CONTROLS THE APPLICANT ARE QUALIFIED UNDER THE PROVISIONS OF THIS  
30 SUBTITLE;

31 (II) FAILURE OF THE APPLICANT OR ANY PERSON REQUIRED TO BE  
32 QUALIFIED UNDER THIS SUBTITLE, AS A CONDITION OF A LICENSE, TO PROVIDE  
33 INFORMATION, DOCUMENTATION, AND ASSURANCES REQUIRED BY THIS SUBTITLE  
34 OR REQUESTED BY THE COMMISSION;

35 (III) FAILURE OF THE APPLICANT OR ANY PERSON REQUIRED TO BE  
36 QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE, TO REVEAL ANY  
37 FACT MATERIAL TO QUALIFICATION;

1 (IV) SUPPLYING, BY THE APPLICANT, OR ANY PERSON REQUIRED TO  
2 BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE, OF  
3 INFORMATION THAT IS UNTRUE OR MISLEADING AS TO A MATERIAL FACT  
4 CONCERNING THE QUALIFICATION CRITERIA;

5 (V) THE CONVICTION, OF THE APPLICANT OR OF ANY PERSON  
6 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE,  
7 OF AN OFFENSE UNDER THE LAWS OF THE UNITED STATES OR ANY JURISDICTION  
8 WITHIN THE UNITED STATES THAT IS A CRIMINAL OFFENSE INVOLVING MORAL  
9 TURPITUDE OR A GAMBLING OFFENSE;

10 (VI) CURRENT PROSECUTION, OF THE APPLICANT OR A PERSON  
11 WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A  
12 LICENSE, FOR AN OFFENSE DESCRIBED UNDER ITEM (V) OF THIS PARAGRAPH;  
13 HOWEVER, AT THE REQUEST OF THE APPLICANT, THE COMMISSION SHALL DEFER  
14 DECISION ON THE APPLICATION DURING THE PENDENCY OF THE CHARGE;

15 (VII) THE PURSUIT, BY THE APPLICANT OR A PERSON WHO IS  
16 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE,  
17 OF ECONOMIC GAIN IN AN OCCUPATIONAL MANNER OR CONTEXT THAT IS IN  
18 VIOLATION OF THE CRIMINAL OR CIVIL PUBLIC POLICIES OF THE STATE, IF THE  
19 PURSUIT CREATES A REASONABLE BELIEF THAT PARTICIPATION OF THE APPLICANT  
20 IN VIDEO LOTTERY TERMINAL OPERATIONS WOULD BE ADVERSE TO THE POLICIES  
21 OF THIS SUBTITLE;

22 (VIII) THE IDENTIFICATION, OF THE APPLICANT OR A PERSON WHO IS  
23 REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A LICENSE,  
24 AS A CAREER OFFENDER OR A MEMBER OF A CAREER OFFENDER CARTEL OR AN  
25 ASSOCIATE OF A CAREER OFFENDER OR CAREER OFFENDER CARTEL IN A MANNER  
26 THAT CREATES A REASONABLE BELIEF THAT THE ASSOCIATION IS OF A NATURE AS  
27 TO BE ADVERSE TO THE POLICIES OF THIS SUBTITLE;

28 (IX) THE COMMITTING OF AN ACT, BY THE APPLICANT OR A PERSON  
29 WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A  
30 LICENSE, THAT WOULD CONSTITUTE AN OFFENSE DESCRIBED UNDER ITEM (V) OF  
31 THIS PARAGRAPH, EVEN IF THE ACT HAS NOT OR MAY NOT BE PROSECUTED UNDER  
32 THE CRIMINAL LAWS OF THE STATE; AND

33 (X) CONTUMACIOUS DEFIANCE, BY THE APPLICANT OR A PERSON  
34 WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A  
35 LICENSE, OF A LEGISLATIVE INVESTIGATORY BODY OR OTHER OFFICIAL  
36 INVESTIGATORY BODY OF THE UNITED STATES OR A JURISDICTION WITHIN THE  
37 UNITED STATES WHEN THE BODY IS ENGAGED IN THE INVESTIGATION OF CRIMES  
38 RELATING TO GAMBLING, OFFICIAL CORRUPTION, OR ORGANIZED CRIME ACTIVITY.

39 (D) (1) ON THE FILING OF AN APPLICATION FOR ANY LICENSE REQUIRED  
40 UNDER THIS SUBTITLE AND ANY SUPPLEMENTAL INFORMATION REQUIRED BY THE  
41 COMMISSION, THE COMMISSION SHALL CONDUCT A BACKGROUND INVESTIGATION  
42 AND A HEARING ON THE QUALIFICATIONS OF THE APPLICANT AND ANY PERSON

1 WHO IS REQUIRED TO BE QUALIFIED UNDER THIS SUBTITLE AS A CONDITION OF A  
2 LICENSE.

3 (2) AFTER THE INVESTIGATION AND HEARING, THE COMMISSION MAY  
4 EITHER GRANT A LICENSE TO AN APPLICANT WHOM THE COMMISSION DETERMINES  
5 TO BE QUALIFIED OR DENY THE APPLICATION TO AN APPLICANT WHOM THE  
6 COMMISSION DETERMINES TO BE DISQUALIFIED.

7 (3) IF MORE THAN ONE APPLICANT IS QUALIFIED FOR A LICENSE, THE  
8 COMMISSION SHALL:

9 (I) GRANT A LICENSE TO THE APPLICANT THAT THE COMMISSION  
10 DETERMINES IS LIKELY TO PROVIDE THE GREATEST BENEFIT TO THE STATE AND  
11 THE COUNTY IN WHICH THE FACILITY IS TO BE LOCATED; AND

12 (II) DENY A LICENSE TO ANY OTHER APPLICANT.

13 (4) IF AN APPLICATION IS DENIED, THE COMMISSION SHALL PREPARE  
14 AND FILE AN ORDER DENYING THE APPLICATION WITH A STATEMENT OF THE  
15 REASONS FOR THE DENIAL, INCLUDING THE SPECIFIC FINDINGS OF FACT.

16 (5) IF SATISFIED THAT AN APPLICANT IS QUALIFIED TO RECEIVE A  
17 LICENSE AND ON RECEIPT OF ALL REQUIRED APPLICATION, LICENSE, AND OTHER  
18 FEES AND TAXES, AND ANY BONDS THE COMMISSION REQUIRES FOR THE FAITHFUL  
19 PERFORMANCE OF THE REQUIREMENTS IMPOSED BY THIS SUBTITLE, THE  
20 REGULATIONS ISSUED UNDER THIS SUBTITLE, AND ANY OTHER STATUTE, THE  
21 COMMISSION SHALL ISSUE A LICENSE FOR A TERM OF 5 YEARS.

22 (6) (I) BY REGULATION, THE COMMISSION SHALL SET THE AMOUNT  
23 OF THE BOND REQUIRED UNDER THIS SUBSECTION IN THE AMOUNT THE  
24 COMMISSION CONSIDERS APPROPRIATE.

25 (II) THE BOND FURNISHED MAY BE APPLIED BY THE COMMISSION  
26 TO THE PAYMENT OF ANY UNPAID LIABILITY OF THE LICENSEE.

27 (7) SUBJECT TO THE POWER OF THE COMMISSION TO DENY, REVOKE, OR  
28 SUSPEND A LICENSE, A LICENSE IN FORCE SHALL BE RENEWED BY THE COMMISSION  
29 FOR THE NEXT SUCCEEDING LICENSE PERIOD ON:

30 (I) PROPER APPLICATION FOR RENEWAL; AND

31 (II) PAYMENT OF ALL REQUIRED APPLICATION, LICENSE, AND  
32 OTHER FEES AND TAXES.

33 (E) (1) ON THE REQUEST OF AN APPLICANT FOR A LICENSE, THE  
34 COMMISSION MAY GRANT AN EXEMPTION OR WAIVER OF ANY REQUIREMENT UNDER  
35 SUBSECTION (B) OR (C) OF THIS SECTION IF THE COMMISSION CONSIDERS THAT THE  
36 REQUIREMENT IS NOT NECESSARY IN ORDER TO PROTECT THE PUBLIC INTEREST OR  
37 ACCOMPLISH THE POLICIES ESTABLISHED BY THIS SUBTITLE.

1           (2)     ON GRANTING AN APPLICANT AN EXEMPTION OR WAIVER OF A  
2 REQUIREMENT OF SUBSECTION (C) OR (D) OF THIS SECTION, OR AT ANY TIME AFTER  
3 AN EXEMPTION OR WAIVER IS GRANTED, THE COMMISSION:

4           (I)     MAY LIMIT OR PLACE RESTRICTIONS ON THE EXEMPTION OR  
5 WAIVER AS THE COMMISSION CONSIDERS NECESSARY FOR THE PUBLIC INTEREST;  
6 AND

7           (II)    SHALL REQUIRE THE PERSON WHO IS GRANTED THE  
8 EXEMPTION OR WAIVER TO COOPERATE WITH THE COMMISSION AND, ON REQUEST,  
9 TO PROVIDE INFORMATION IN THE SAME MANNER AS REQUIRED OF A LICENSED  
10 FACILITY UNDER THIS SUBTITLE.

11   (F)    (1)     BECAUSE THE STATE HAS A VITAL INTEREST IN VIDEO LOTTERY  
12 TERMINAL OPERATIONS AND HAS ESTABLISHED A LIMITED EXCEPTION TO THE  
13 POLICY OF THE STATE CONCERNING GAMING FOR PRIVATE GAIN, PARTICIPATION IN  
14 VIDEO LOTTERY TERMINAL OPERATIONS BY A LICENSEE UNDER THIS SUBTITLE  
15 SHALL BE DEEMED A REVOCABLE PRIVILEGE, CONDITIONED ON THE PROPER AND  
16 CONTINUED QUALIFICATION OF THE LICENSEE, AND ON THE DISCHARGE OF THE  
17 AFFIRMATIVE RESPONSIBILITY OF EACH LICENSEE TO PROVIDE TO THE  
18 REGULATORY AND INVESTIGATORY AUTHORITIES UNDER THIS SUBTITLE OR ANY  
19 OTHER PROVISION OF LAW, ANY ASSISTANCE AND INFORMATION NECESSARY TO  
20 ASSURE THAT THE POLICIES DECLARED BY THIS SUBTITLE ARE ACHIEVED.

21           (2)     CONSISTENT WITH THE POLICY DESCRIBED IN PARAGRAPH (1) OF  
22 THIS SUBSECTION, IT IS THE INTENT OF THIS SUBSECTION TO:

23           (I)     PRECLUDE THE CREATION OF ANY PROPERTY RIGHT IN ANY  
24 LICENSE REQUIRED UNDER THIS SUBTITLE;

25           (II)    PRECLUDE THE ACCRUAL OF ANY VALUE TO THE PRIVILEGE OF  
26 PARTICIPATION IN VIDEO LOTTERY TERMINAL OPERATIONS;

27           (III)   PRECLUDE THE TRANSFER OF ANY LICENSE ISSUED UNDER  
28 THIS SUBTITLE; AND

29           (IV)    REQUIRE THAT PARTICIPATION IN VIDEO LOTTERY TERMINAL  
30 OPERATIONS BE CONDITIONED SOLELY ON THE INDIVIDUAL QUALIFICATIONS OF  
31 THE PERSON WHO SEEKS THE PRIVILEGE.

32   (G)    A LICENSEE MAY NOT CONCURRENTLY OPERATE MORE THAN 3,000 VIDEO  
33 LOTTERY TERMINALS.

34   (H)    (1)     UNLESS A PERSON HOLDS A VALID FACILITY OPERATOR'S LICENSE  
35 ISSUED BY THE COMMISSION, THE PERSON MAY NOT ENTER INTO A MANAGEMENT  
36 AGREEMENT, OR ANY OTHER BUSINESS RELATIONSHIP, WITH A LICENSEE OR  
37 APPLICANT FOR THE OPERATION OR THE MANAGEMENT OF THE LICENSEE'S OR  
38 APPLICANT'S FACILITY OR TO SHARE IN THE PROCEEDS FROM THE LICENSEE'S OR  
39 APPLICANT'S FACILITY.

1           (2)     EACH VIDEO LOTTERY OPERATOR AND EACH OTHER PERSON WHO  
2 OWNS OR CONTROLS THE VIDEO LOTTERY OPERATOR, MANAGEMENT AND  
3 SUPERVISORY PERSONNEL, AND OTHER PRINCIPAL EMPLOYEES SHALL QUALIFY  
4 UNDER THE STANDARDS AND PROVISIONS FOR LICENSEES SET FORTH IN  
5 SUBSECTIONS (B) AND (C) OF THIS SECTION.

6           (3)     THE COMMISSION MAY NOT GRANT AN EXEMPTION OR WAIVER OF  
7 ANY LICENSING REQUIREMENT TO AN APPLICANT FOR OR HOLDER OF A VIDEO  
8 LOTTERY OPERATOR'S LICENSE.

9           (4)     A FACILITY OPERATOR LICENSEE OR APPLICANT SHALL FILE WITH  
10 THE COMMISSION ANY CURRENT OR PROPOSED OPERATION OR MANAGEMENT  
11 AGREEMENT WITH ANY PERSON THAT SHALL BE SUBJECT TO APPROVAL BY THE  
12 COMMISSION.

13          (5)     A LICENSED VIDEO LOTTERY OPERATOR MAY NOT ENTER INTO AN  
14 AGREEMENT DESCRIBED UNDER THIS SUBSECTION WITH MORE THAN ONE FACILITY  
15 LICENSEE.

16   (I)   (1)     UNLESS A PERSON HOLDS A VALID VIDEO LOTTERY EMPLOYEE  
17 LICENSE ISSUED BY THE COMMISSION, THE PERSON MAY NOT BE EMPLOYED BY A  
18 LICENSEE AS A VIDEO LOTTERY EMPLOYEE.

19          (2)     UNLESS A PERSON HOLDS A VALID SERVICE TECHNICIAN LICENSE  
20 ISSUED BY THE COMMISSION, THE PERSON MAY NOT PROVIDE SERVICE AS A  
21 SERVICE TECHNICIAN.

22          (3)     BEFORE ISSUANCE OF A LICENSE, AN APPLICANT FOR A VIDEO  
23 LOTTERY EMPLOYEE LICENSE OR SERVICE TECHNICIAN LICENSE SHALL PROVIDE  
24 SUFFICIENT INFORMATION, DOCUMENTATION, AND ASSURANCES TO MEET THE  
25 QUALIFICATION CRITERIA CONTAINED IN REGULATIONS ISSUED BY THE  
26 COMMISSION.

27          (4)     THE COMMISSION SHALL DENY A VIDEO LOTTERY EMPLOYEE  
28 LICENSE OR SERVICE TECHNICIAN LICENSE TO AN APPLICANT WHO IS  
29 DISQUALIFIED ON THE BASIS OF CRITERIA AND PROCEDURES CONTAINED IN  
30 REGULATIONS ISSUED BY THE COMMISSION.

31   (J)   (1)     UNLESS A MANUFACTURER HOLDS A VALID MANUFACTURER  
32 LICENSE ISSUED BY THE COMMISSION BEFORE CONDUCTING BUSINESS WITH A  
33 LICENSEE OR THE STATE, THE MANUFACTURER MAY NOT OFFER ANY VIDEO  
34 LOTTERY TERMINAL, ASSOCIATED EQUIPMENT, CENTRAL COMPUTER, OR GOODS OR  
35 SERVICES THAT DIRECTLY RELATE TO THE OPERATION OF VIDEO LOTTERY  
36 TERMINALS.

37          (2)     EACH MANUFACTURER AND EACH PERSON WHO OWNS OR  
38 CONTROLS THE MANUFACTURER, MANAGEMENT AND SUPERVISORY PERSONNEL,  
39 AND OTHER PRINCIPAL EMPLOYEES SHALL QUALIFY UNDER THE STANDARDS AND  
40 PROVISIONS SET FORTH IN SUBSECTIONS (B) AND (C) OF THIS SECTION FOR  
41 LICENSEES.

1 (3) THE COMMISSION MAY NOT GRANT AN EXEMPTION OR WAIVER OF  
2 ANY LICENSING REQUIREMENT TO AN APPLICANT FOR OR HOLDER OF A  
3 MANUFACTURER'S LICENSE.

4 (4) A MANUFACTURER OF THE VIDEO LOTTERY TERMINALS,  
5 ASSOCIATED EQUIPMENT, AND CENTRAL COMPUTER SHALL MANUFACTURE OR  
6 DISTRIBUTE THE VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, AND  
7 CENTRAL COMPUTER THAT MEET SPECIFICATIONS AND PROCEDURES CONTAINED  
8 IN REGULATIONS ISSUED BY THE COMMISSION.

9 12-412.

10 (A) THE COMMISSION MAY DENY A LICENSE TO AN APPLICANT, REPRIMAND  
11 OR FINE A LICENSEE, OR SUSPEND OR REVOKE A LICENSE FOR A VIOLATION OF:

12 (1) THIS SUBTITLE;

13 (2) A REGULATION ADOPTED UNDER THIS SUBTITLE;

14 (3) A STATUTE ENACTED IN ACCORDANCE WITH THIS SUBTITLE; OR

15 (4) A CONDITION THAT THE COMMISSION SETS.

16 (B) (1) FOR EACH VIOLATION SPECIFIED IN SUBSECTION (A) OF THIS  
17 SECTION, THE COMMISSION MAY IMPOSE A PENALTY NOT EXCEEDING \$5,000  
18 PAYABLE TO THE COMPULSIVE GAMBLING TREATMENT FUND ESTABLISHED UNDER  
19 § 12-419 OF THIS SUBTITLE.

20 (2) EACH DAY THAT A PERSON IS IN VIOLATION OF THIS SECTION SHALL  
21 BE CONSIDERED A SEPARATE VIOLATION.

22 (3) TO DETERMINE THE AMOUNT OF THE PENALTY IMPOSED UNDER  
23 PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL CONSIDER:

24 (I) THE SERIOUSNESS OF THE VIOLATION;

25 (II) THE HARM CAUSED BY THE VIOLATION; AND

26 (III) THE GOOD FAITH OR LACK OF GOOD FAITH OF THE PERSON  
27 WHO COMMITTED THE VIOLATION.

28 (C) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS SUBTITLE, THIS  
29 SUBTITLE DOES NOT ABROGATE OR LIMIT THE CRIMINAL LAWS OF THIS STATE OR  
30 LIMIT OR PROHIBIT THE ENACTMENT OF LAWS ESTABLISHING CRIMINAL OFFENSES  
31 AND PENALTIES RELATING TO VIDEO LOTTERY TERMINAL OPERATIONS.

32 12-413.

33 (A) IN THIS SECTION, "ANNUALIZED COST OF THE LICENSE" MEANS:

1 (1) IF THE FACILITY LICENSEE WAS THE ORIGINAL LICENSEE, THE  
2 AMOUNT OF THE INITIAL APPLICATION FEE DIVIDED BY 20; OR

3 (2) IF THE FACILITY LICENSEE WAS AWARDED THE LICENSE AFTER THE  
4 REVOCATION OR SURRENDER OF A LICENSE BY ANOTHER PERSON, THE AMOUNT OF  
5 THE APPLICATION FEE DIVIDED BY THE NUMBER OF YEARS OF THE TERM OF THE  
6 LICENSE.

7 (B) (1) THE INITIAL TERM OF A LICENSE IS 5 YEARS.

8 (2) DURING THE INITIAL TERM OF A FACILITY LICENSE, THE LICENSEE  
9 SHALL PROVIDE THE COMMISSION AN UPDATE ANNUALLY ON THE INFORMATION  
10 REQUIRED UNDER THIS SUBTITLE FOR ISSUANCE OF THE LICENSE.

11 (C) AT THE END OF 5 YEARS, A FACILITY LICENSE IS RENEWABLE ANNUALLY.

12 (D) (1) IF A FACILITY LICENSE IS REVOKED OR SURRENDERED BEFORE THE  
13 EXPIRATION OF THE INITIAL TERM, THE STATE SHALL REIMBURSE THE FACILITY  
14 LICENSEE PRO RATA FOR THE PORTION OF THE APPLICATION FEE BASED ON THE  
15 ANNUALIZED COST OF THE INITIAL LICENSE TIMES THE NUMBER OF YEARS  
16 REMAINING ON THE LICENSE, NOT INCLUDING THE YEAR IN WHICH THE LICENSE  
17 WAS REVOKED OR SURRENDERED, LESS THE REASONABLE AMOUNT OF EXPENSES  
18 INCURRED BY THE STATE IN REVOKING THE LICENSE OR OBTAINING THE  
19 SURRENDERED LICENSE.

20 (2) THE STATE MAY EITHER PAY THE AMOUNT REQUIRED UNDER  
21 PARAGRAPH (1) OF THIS SUBSECTION IN ONE LUMP SUM OR ANNUALLY OVER THE  
22 TIME REMAINING ON THE TERM OF THE LICENSE.

23 12-414.

24 IF A PERSON DESCRIBED IN § 12-411 OF THIS SUBTITLE FAILS TO SUBMIT A  
25 COMPLETE OR TIMELY APPLICATION, HAS ITS APPLICATION REJECTED BY THE  
26 COMMISSION, HAS ITS LICENSE REVOKED, OR OTHERWISE SURRENDERS THE  
27 LICENSE, THE FACILITY LICENSE REVERTS TO THE STATE.

28 12-415.

29 (A) IF A FACILITY LICENSEE MADE CAPITAL IMPROVEMENTS OR  
30 RENOVATIONS TO THE FACILITY THAT ARE REASONABLY RELATED TO THE VIDEO  
31 LOTTERY TERMINAL OPERATIONS AND THE LICENSE OF THE LICENSEE'S FACILITY IS  
32 REVOKED OR OTHERWISE SURRENDERED WITHIN 10 YEARS OF THE COMPLETION OF  
33 THE IMPROVEMENTS OR RENOVATIONS, THE FACILITY LICENSEE SHALL BE  
34 ENTITLED TO REIMBURSEMENT BY THE STATE FOR THE REASONABLE COSTS OF THE  
35 IMPROVEMENTS OR RENOVATIONS AS PROVIDED IN THIS SECTION.

36 (B) THE FACILITY LICENSEE SHALL BE REIMBURSED ON A PRO RATA BASIS IN  
37 THE FOLLOWING MANNER:

1 (1) FIRST, DIVIDE BY 10 THE TOTAL COST OF THE IMPROVEMENTS OR  
2 RENOVATIONS;

3 (2) SECOND, SUBTRACT FROM 10 THE NUMBER OF YEARS THE FACILITY  
4 HAS BEEN USED SINCE COMPLETION OF THE IMPROVEMENTS OR RENOVATIONS,  
5 INCLUDING THE YEAR IN WHICH THE LICENSE WAS REVOKED OR SURRENDERED;  
6 AND

7 (3) LASTLY, MULTIPLY THE NUMBER DETERMINED IN ITEM (1) OF THIS  
8 SUBSECTION BY THE NUMBER DETERMINED IN ITEM (2) OF THIS SUBSECTION.

9 (C) THE FACILITY LICENSEE SHALL HAVE THE BURDEN OF PROVING THAT:

10 (1) THE IMPROVEMENTS OR RENOVATIONS WERE REASONABLY  
11 RELATED TO THE VIDEO LOTTERY OPERATION; AND

12 (2) THE REASONABLENESS OF THE COSTS INCURRED.

13 (D) (1) UNLESS THE STATE INTENDS TO ASSUME THE FACILITY LICENSE  
14 AND OPERATE THE FACILITY, THE STATE IS NOT RESPONSIBLE FOR MAKING ANY  
15 PAYMENTS UNDER THIS SECTION UNTIL THE COMMISSION HAS AWARDED ANOTHER  
16 FACILITY LICENSE FOR THE FACILITY WHERE THE IMPROVEMENTS OR  
17 RENOVATIONS WERE MADE.

18 (2) THE STATE MAY PAY ANY AMOUNT OWED IN THIS SECTION AS A  
19 LUMP SUM OR IN EQUAL AMOUNTS OVER THE NUMBER OF YEARS DETERMINED IN  
20 THE CALCULATION UNDER SUBSECTION (B) OF THIS SECTION.

21 12-416.

22 (A) IF THE APPLICANT MEETS THE ELIGIBILITY REQUIREMENTS DESCRIBED  
23 IN § 12-411 OF THIS SUBTITLE AND IS SELECTED BY THE COMMISSION TO RECEIVE A  
24 FACILITY LICENSE, THE COMMISSION SHALL ISSUE TO THE APPLICANT, UPON BEING  
25 LICENSED UNDER THIS SUBTITLE, THE PROCEEDS FROM THE SALE OF BOND  
26 ANTICIPATION NOTES ISSUED BY THE COMMISSION IN ACCORDANCE WITH §§ 8-213  
27 THROUGH 8-221 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

28 (B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THE  
29 LICENSEE SHALL RECEIVE, FROM THE PROCEEDS OF BOND ANTICIPATION NOTES:

30 (1) IN THE FIRST YEAR OF THE LICENSEE'S OPERATION, \$40,000,000 FOR  
31 EACH \$100,000,000 IN ESTIMATED NET REVENUES OF THE LICENSEE; AND

32 (2) FOR EACH YEAR THEREAFTER, \$40,000,000 REDUCED BY \$10,000,000  
33 ANNUALLY, NOT TO BE REDUCED IN AN AMOUNT LESS THAN \$10,000,000.

34 (C) A LICENSED APPLICANT THAT OWNS A FACILITY THAT IS WITHIN 15 MILES  
35 OF THE BORDER OF A NEIGHBORING STATE SHALL RECEIVE, IN ADDITION TO THE  
36 PROCEEDS DESCRIBED IN SUBSECTION (B)(2) OF THIS SECTION, \$15,000,000

1 ANNUALLY FROM THE PROCEEDS FROM THE SALE OF THE APPROPRIATE BOND  
2 ANTICIPATION NOTES, AS DESCRIBED IN SUBSECTION (B)(1) OF THIS SECTION.

3 12-417.

4 (A) THE COMMISSION SHALL:

5 (1) HEAR AND DECIDE PROMPTLY AND IN REASONABLE ORDER,  
6 LICENSE APPLICATIONS AND CAUSES AFFECTING THE GRANTING, SUSPENSION,  
7 REVOCATION, OR RENEWAL OF LICENSES UNDER THIS SUBTITLE;

8 (2) CONDUCT HEARINGS CONCERNING CIVIL VIOLATIONS OF THIS  
9 SUBTITLE OR REGULATIONS ISSUED UNDER THIS SUBTITLE;

10 (3) ISSUE REGULATIONS THE COMMISSION CONSIDERS NECESSARY TO  
11 FULFILL THE POLICIES OF THIS SUBTITLE;

12 (4) ESTABLISH AND COLLECT APPLICATION, LICENSE, AND OTHER FEES  
13 TO COVER THE COSTS OF ADMINISTERING THIS SUBTITLE, EXCEPT THE COSTS  
14 DESCRIBED UNDER § 12-401(D)(2) OF THIS SUBTITLE.

15 (5) APPLY APPLICATION, LICENSE, AND OTHER FEES TO COVER THE  
16 COSTS OF ADMINISTERING THIS SUBTITLE, EXCEPT THE COSTS DESCRIBED UNDER §  
17 12-401(D)(2) OF THIS SUBTITLE;

18 (6) (I) ESTABLISH AN ANNUAL FEE TO BE PAID BY EACH FACILITY  
19 LICENSEE IMMEDIATELY ON ISSUANCE OF A LICENSE TO THE LICENSEE BY THE  
20 COMMISSION; AND

21 (II) TRANSFER TO THE COMPTROLLER THE FEES COLLECTED  
22 UNDER ITEM (I) OF THIS PARAGRAPH TO BE DISTRIBUTED, AS REQUIRED UNDER §  
23 12-404 OF THIS SUBTITLE.

24 (7) LEVY AND COLLECT CIVIL PENALTIES THAT SHALL BE PAID TO THE  
25 COMPULSIVE GAMBLING TREATMENT FUND ESTABLISHED UNDER § 12-419 OF THIS  
26 SUBTITLE FOR CIVIL VIOLATIONS OF THE PROVISIONS OF THIS SUBTITLE AND ANY  
27 REGULATIONS ISSUED UNDER THIS SUBTITLE;

28 (8) BE PRESENT AT A FACILITY THROUGH ITS EMPLOYEES AND AGENTS  
29 AT ANY TIME DURING THE OPERATION OF ANY VIDEO LOTTERY TERMINAL FOR THE  
30 PURPOSE OF CERTIFYING REVENUES FROM THE VIDEO LOTTERY TERMINALS,  
31 RECEIVING COMPLAINTS FROM THE PUBLIC, AND CONDUCTING ANY OTHER  
32 INVESTIGATION INTO THE OPERATION OF THE VIDEO LOTTERY TERMINALS AND THE  
33 MAINTENANCE OF THE VIDEO LOTTERY TERMINALS AND ASSOCIATED EQUIPMENT  
34 THE COMMISSION CONSIDERS NECESSARY AND PROPER;

35 (9) REVIEW AND RULE ON ANY COMPLAINT BY A LICENSEE REGARDING  
36 ANY INVESTIGATIVE PROCEDURES OF THE COMMISSION THAT ARE UNNECESSARILY  
37 DISRUPTIVE TO VIDEO LOTTERY TERMINAL OPERATIONS;

1 (10) AUDIT THE PRIVATE MANAGEMENT COMPANY DESCRIBED UNDER §  
2 12-408 OF THIS SUBTITLE TO ENSURE THAT THE COMPANY:

3 (I) MAINTAINS CERTAIN STANDARDS ACCEPTABLE TO THE  
4 COMMISSION; AND

5 (II) IS ACCURATE IN ITS ACCOUNTING FOR AND REPORTING TO THE  
6 COMMISSION ON THE NUMBER OF TERMINALS ALLOWED AT EACH FACILITY AS  
7 DESCRIBED UNDER § 12-406 OF THIS SUBTITLE; AND

8 (11) (I) CREATE A COST/BENEFIT ANALYSIS FORMULA TO DETERMINE  
9 HOW MUCH MONEY THE STATE WILL NET AS A RESULT OF A FACILITY; AND

10 (II) PERFORM A COST/BENEFIT ANALYSIS FOR EACH APPLICANT SO  
11 THAT THE APPLICANT MAY BE ELIGIBLE FOR CONSIDERATION BY THE COMMISSION  
12 FOR A LICENSE, AS DESCRIBED UNDER § 12-410 OF THIS SUBTITLE.

13 (B) (1) THE COMMISSION'S NEED TO INSPECT AND INVESTIGATE SHALL BE  
14 PRESUMED AT ALL TIMES.

15 (2) THE DISRUPTION TO A LICENSEE'S VIDEO LOTTERY TERMINAL  
16 OPERATIONS SHALL BE PROVEN, BY CLEAR AND CONVINCING EVIDENCE, AND  
17 ESTABLISH THAT:

18 (I) THE PROCEDURES HAD NO REASONABLE LAW ENFORCEMENT  
19 PURPOSE; AND

20 (II) THE PROCEDURES WERE SO DISRUPTIVE AS TO INHIBIT THE  
21 LICENSEE'S VIDEO LOTTERY TERMINAL OPERATIONS.

22 (C) THE COMMISSION AND ITS EMPLOYEES AND AGENTS HAVE THE  
23 AUTHORITY TO:

24 (1) ISSUE SUBPOENAS AND TO COMPEL THE ATTENDANCE OF  
25 WITNESSES AT ANY PLACE WITHIN THE STATE;

26 (2) ADMINISTER OATHS AND REQUIRE TESTIMONY UNDER OATH  
27 BEFORE THE COMMISSION IN THE COURSE OF ANY INVESTIGATION OR HEARING  
28 CONDUCTED UNDER THIS SUBTITLE;

29 (3) SERVE OR CAUSE TO BE SERVED ITS PROCESS OR NOTICES IN A  
30 MANNER PROVIDED FOR SERVICE OF PROCESS IN CIVIL ACTIONS UNDER THE  
31 MARYLAND RULES;

32 (4) SUBMIT WRITTEN INTERROGATORIES;

33 (5) INSPECT AND EXAMINE ALL PREMISES IN WHICH VIDEO LOTTERY  
34 TERMINAL OPERATIONS UNDER THIS SUBTITLE ARE CONDUCTED OR ANY  
35 AUTHORIZED VIDEO LOTTERY TERMINALS, ASSOCIATED EQUIPMENT, OR CENTRAL  
36 COMPUTER ARE DESIGNED, BUILT, CONSTRUCTED, ASSEMBLED, MANUFACTURED,

1 SOLD, DISTRIBUTED, OR SERVICED, OR IN WHICH RECORDS OF THOSE ACTIVITIES  
2 ARE PREPARED OR MAINTAINED;

3 (6) INSPECT ANY VIDEO LOTTERY TERMINALS, ASSOCIATED  
4 EQUIPMENT, OR CENTRAL COMPUTER IN, ABOUT, ON, OR AROUND THOSE PREMISES;

5 (7) SEIZE SUMMARILY AND REMOVE FROM THOSE PREMISES AND  
6 IMPOUND, OR ASSUME PHYSICAL CONTROL OF, ANY VIDEO LOTTERY TERMINALS,  
7 ASSOCIATED EQUIPMENT, OR CENTRAL COMPUTER FOR THE PURPOSES OF  
8 EXAMINATION AND INSPECTION;

9 (8) INSPECT, EXAMINE, AND AUDIT BOOKS, RECORDS, AND DOCUMENTS  
10 CONCERNING A LICENSEE'S VIDEO LOTTERY FACILITY OPERATIONS; AND

11 (9) SEIZE, IMPOUND, OR ASSUME PHYSICAL CONTROL OF BOOKS,  
12 RECORDS, LEDGERS, CASH BOXES AND THEIR CONTENTS, A COUNTING ROOM OR ITS  
13 EQUIPMENT, OR OTHER PHYSICAL OBJECTS RELATING TO VIDEO LOTTERY FACILITY  
14 OPERATIONS.

15 (D) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THE COMMISSION  
16 SHALL CONDUCT A HEARING IN THE SAME MANNER AS SPECIFIED IN TITLE 10,  
17 SUBTITLE 2 OF THIS ARTICLE.

18 (E) THE COMMISSION SHALL ADOPT REGULATIONS THAT INCLUDE THE  
19 FOLLOWING SPECIFIC PROVISIONS IN ACCORDANCE WITH THIS SUBTITLE:

20 (1) REQUIRING THE METHODS AND FORMS OF APPLICATIONS THAT AN  
21 APPLICANT FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE SHALL FOLLOW  
22 AND COMPLETE BEFORE CONSIDERATION OF THE APPLICATIONS BY THE  
23 COMMISSION;

24 (2) REQUIRING THE METHODS, PROCEDURES, AND FORM FOR DELIVERY  
25 OF INFORMATION FROM AN APPLICANT OR LICENSEE CONCERNING ANY PERSON'S  
26 FAMILY, HABITS, CHARACTER, ASSOCIATES, CRIMINAL RECORD, BUSINESS  
27 ACTIVITIES, AND FINANCIAL AFFAIRS;

28 (3) REQUIRING THE PROCEDURES FOR THE FINGERPRINTING OF AN  
29 APPLICANT FOR ANY LICENSE REQUIRED UNDER THIS SUBTITLE OR OTHER  
30 METHODS OF IDENTIFICATION THAT THE COMMISSION CONSIDERS NECESSARY TO  
31 ACCOMPLISH EFFECTIVE ENFORCEMENT OF THE PROVISIONS OF THIS SUBTITLE;

32 (4) REQUIRING THE MANNER AND PROCEDURES FOR HEARINGS  
33 CONDUCTED BY THE COMMISSION;

34 (5) REQUIRING THE MANNER AND METHOD FOR COLLECTION OF TAXES,  
35 FEES, AND CIVIL PENALTIES;

36 (6) DEFINING AND LIMITING THE AREAS OF OPERATION FOR VIDEO  
37 LOTTERY TERMINALS, RULES OF VIDEO LOTTERY TERMINALS, ODDS FOR VIDEO

1 LOTTERY TERMINALS, AND THE METHOD OF OPERATION OF THE VIDEO LOTTERY  
2 TERMINALS;

3 (7) REGULATING THE PRACTICE AND PROCEDURES FOR NEGOTIABLE  
4 TRANSACTIONS INVOLVING VIDEO LOTTERY TERMINAL PLAYERS, INCLUDING  
5 LIMITATIONS ON THE CIRCUMSTANCES AND AMOUNTS OF NEGOTIABLE  
6 TRANSACTIONS, AND THE ESTABLISHMENT OF FORMS AND PROCEDURES FOR  
7 NEGOTIABLE INSTRUMENT TRANSACTIONS, REDEMPTIONS, AND CONSOLIDATIONS;

8 (8) PRESCRIBING THE GROUNDS AND PROCEDURES FOR REPRIMANDS  
9 OR THE REVOCATION OR SUSPENSION OF LICENSES ISSUED UNDER THIS SUBTITLE;

10 (9) GOVERNING THE MANUFACTURE, DISTRIBUTION, SALE, AND  
11 SERVICING OF VIDEO LOTTERY TERMINALS;

12 (10) REQUIRING THE PROCEDURES, FORMS, AND METHODS OF  
13 MANAGEMENT CONTROLS;

14 (11) PROVIDING FOR MINIMUM UNIFORM STANDARDS OF ACCOUNTING  
15 METHODS, PROCEDURES, AND FORMS AS ARE NECESSARY TO ASSURE CONSISTENCY,  
16 COMPARABILITY, AND EFFECTIVE DISCLOSURE OF ALL FINANCIAL INFORMATION,  
17 INCLUDING PERCENTAGES OF PROFIT FOR VIDEO LOTTERY TERMINALS;

18 (12) REQUIRING PERIODIC FINANCIAL REPORTS AND THE FORM OF THE  
19 REPORTS, INCLUDING AN ANNUAL AUDIT PREPARED BY A CERTIFIED PUBLIC  
20 ACCOUNTANT LICENSED TO DO BUSINESS IN THE STATE, DISCLOSING WHETHER  
21 THE ACCOUNTS, RECORDS, AND CONTROL PROCEDURES EXAMINED ARE  
22 MAINTAINED BY THE FACILITY LICENSEE AS REQUIRED BY THIS SUBTITLE OR ANY  
23 REGULATIONS ISSUED UNDER THIS SUBTITLE;

24 (13) LIMITING SIGNS AND OTHER ON-SITE ADVERTISING TO REDUCE  
25 SOLICITATION FOR VIDEO LOTTERY PURPOSES FROM THE PUBLIC THOROUGHFARES  
26 OR OTHERWISE DOMINATING OR DESPOILING THE ENVIRONMENT AS FOLLOWS:

27 (I) SIGNS AND OTHER ON-SITE ADVERTISING THAT ADVERTISE AN  
28 IN-STATE FACILITY SHALL TOTAL NO MORE THAN IS AUTHORIZED BY THE  
29 COMMISSION TO AID IN THE REDUCTION OF SOLICITATION; AND

30 (II) SIGNS AND OTHER ON-SITE ADVERTISING THAT ADVERTISE AN  
31 OUT-OF-STATE FACILITY SHALL TOTAL NO MORE THAN IS ALLOWED FOR IN-STATE  
32 FACILITY SIGNS UNDER ITEM (I) OF THIS ITEM;

33 (14) PROHIBITING A LICENSEE FROM ALLOWING A MINOR TO PLAY A  
34 VIDEO LOTTERY TERMINAL; AND

35 (15) ESTABLISHING A PAYOUT PERCENTAGE FOR VIDEO LOTTERY  
36 TERMINALS OF NOT LESS THAN 83% ON AN AVERAGE ANNUAL BASIS.

1 (F) (1) BY REGULATION, THE COMMISSION SHALL PROVIDE FOR THE  
2 ESTABLISHMENT OF A LIST OF PERSONS WHO ARE TO BE EXCLUDED OR EJECTED  
3 FROM ANY FACILITY LICENSED UNDER THIS SUBTITLE.

4 (2) THE REGULATIONS UNDER THIS SUBSECTION SHALL DEFINE THE  
5 STANDARDS FOR EXCLUSION OR EJECTION AND SHALL INCLUDE STANDARDS  
6 RELATING TO PERSONS:

7 (I) WHO ARE CAREER OFFENDERS AS DEFINED BY REGULATIONS  
8 THAT SHALL BE ISSUED BY THE COMMISSION;

9 (II) WHO HAVE BEEN CONVICTED OF A CRIMINAL OFFENSE UNDER  
10 THE LAWS OF THE UNITED STATES OR ANY JURISDICTION WITHIN THE UNITED  
11 STATES THAT IS A CRIMINAL OFFENSE INVOLVING MORAL TURPITUDE OR A  
12 GAMBLING OFFENSE; OR

13 (III) WHOSE PRESENCE IN THE LICENSEE'S FACILITY WOULD BE  
14 ADVERSE TO THE INTERESTS OF THE STATE, THE LICENSEE, OR THE PERSON.

15 (3) THE COMMISSION MAY IMPOSE SANCTIONS ON A LICENSEE IN  
16 ACCORDANCE WITH THIS SUBTITLE IF THE LICENSEE KNOWINGLY FAILS TO  
17 EXCLUDE OR EJECT FROM THE PREMISES OF THE LICENSEE A PERSON PLACED BY  
18 THE COMMISSION ON THE LIST OF PERSONS TO BE EXCLUDED OR EJECTED.

19 (4) AN ORDER UNDER THIS SUBSECTION SHALL BE SUBJECT TO  
20 JUDICIAL REVIEW.

21 (5) RACE, COLOR, CREED, NATIONAL ORIGIN OR ANCESTRY, OR GENDER  
22 MAY NOT BE A REASON FOR PLACING THE NAME OF A PERSON ON THE LIST OF  
23 PERSONS TO BE EXCLUDED OR EJECTED.

24 (G) THE COMMISSION SHALL PROMPTLY AND IN REASONABLE ORDER  
25 INVESTIGATE ALL APPLICATIONS AND ENFORCE THE PROVISIONS OF THIS SUBTITLE  
26 OR ANY REGULATIONS ISSUED UNDER THIS SUBTITLE.

27 12-418.

28 (A) IN THIS SECTION, "FUND" MEANS THE DESTINATION SITE DEVELOPMENT  
29 FUND.

30 (B) THERE IS A DESTINATION SITE DEVELOPMENT FUND.

31 (C) THE PURPOSE OF THE FUND IS TO ENCOURAGE THE DEVELOPMENT OF  
32 FACILITIES BY PROVIDING AN ECONOMIC INCENTIVE TO THE LICENSED APPLICANT,  
33 AS DESCRIBED IN § 12-416 OF THIS SUBTITLE.

34 (D) THE SECRETARY OF THE COMMISSION SHALL ADMINISTER THE FUND.

35 (E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT  
36 TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

1           (2)     THE TREASURER SHALL HOLD THE FUND SEPARATELY AND THE  
2 COMPTROLLER SHALL ACCOUNT FOR THE FUND.

3     (F)     THE FUND CONSISTS OF:

4           (1)     THE PROCEEDS OF THE SALE OF BOND ANTICIPATION NOTES, IN  
5 ACCORDANCE WITH §§ 8-213 THROUGH 8-221 OF THE STATE FINANCE AND  
6 PROCUREMENT ARTICLE;

7           (2)     MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND; AND

8           (3)     ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE  
9 BENEFIT OF THE FUND.

10    (G)     THE FUND MAY BE USED ONLY FOR THE PURPOSES DESCRIBED UNDER  
11 SUBSECTION (C) OF THIS SECTION.

12    (H)     THE FUND MAY ONLY INCREASE THROUGH THE LEGISLATIVE PROCESS.

13    (I)     (1)     THE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE  
14 SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

15           (2)     ANY INVESTMENT EARNINGS OF THE FUND SHALL BE CREDITED TO  
16 THE GENERAL FUND OF THE STATE.

17    (J)     EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE  
18 WITH THE STATE BUDGET.

19    (K)     MONEY EXPENDED FROM THE FUND FOR DESTINATION SITE  
20 DEVELOPMENT IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE  
21 OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR DESTINATION SITE  
22 DEVELOPMENT.

23 12-419.

24    (A)     (1)     IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
25 INDICATED.

26           (2)     "FUND" MEANS THE COMPULSIVE GAMBLING TREATMENT FUND.

27           (3)     "SECRETARY" MEANS THE SECRETARY OF HEALTH AND MENTAL  
28 HYGIENE.

29    (B)     THE PURPOSE OF THE FUND IS TO AID IN PAYING FOR SERVICES OFFERED  
30 BY THE COMPULSIVE GAMBLING CENTER, INC., LOCATED IN BALTIMORE, AND OTHER  
31 ORGANIZATIONS DEDICATED TO THE TREATMENT, EDUCATION, TRAINING,  
32 RESEARCH, OR EXPERT TESTIMONY ON COMPULSIVE GAMBLERS.

33    (C)     THE SECRETARY SHALL ADMINISTER THE FUND.

1 (D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT  
2 TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

3 (2) THE TREASURER SHALL HOLD THE FUND SEPARATELY AND THE  
4 COMPTROLLER SHALL ACCOUNT FOR THE FUND.

5 (E) THE FUND CONSISTS OF:

6 (1) AT LEAST 5% OF THE PROCEEDS FROM VIDEO LOTTERY TERMINALS  
7 OF ALL FACILITIES, AS DISTRIBUTED BY THE COMMISSION UNDER § 12-404 OF THIS  
8 SUBTITLE;

9 (2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND; AND

10 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE  
11 BENEFIT OF THE FUND.

12 (F) THE FUND MAY BE USED ONLY FOR THE PURPOSES DESCRIBED UNDER  
13 SUBSECTION (B) OF THIS SECTION.

14 (G) (1) THE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE  
15 SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

16 (2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID INTO  
17 THE FUND.

18 (H) (1) EXPENDITURES FROM THE FUND SHALL ONLY BE MADE BY THE  
19 SECRETARY.

20 (2) THE SECRETARY SHALL EXPEND MONEY FROM THE FUND THE  
21 SECRETARY CONSIDERS NECESSARY TO FULFILL THE POLICIES ESTABLISHED BY  
22 THE COMPULSIVE GAMBLING CENTER, INC., LOCATED IN BALTIMORE, AND OTHER  
23 ORGANIZATIONS DEDICATED TO THE TREATMENT, EDUCATION, TRAINING,  
24 RESEARCH, OR EXPERT TESTIMONY ON COMPULSIVE GAMBLERS.

25 (I) MONEY EXPENDED FROM THE FUND FOR COMPULSIVE GAMBLING  
26 TREATMENT IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF  
27 FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR COMPULSIVE  
28 GAMBLING TREATMENT.

29 12-420.

30 (A) IN THIS SECTION, "LIAISON" MEANS COMMUNITY RELATIONS LIAISON.

31 (B) THE FACILITY OWNER OF EACH FACILITY SHALL EMPLOY A LIAISON.

32 (C) THE LIAISON SHALL:

33 (1) ATTEND AT LEAST ONE-HALF OF THE SCHEDULED MEETINGS OF  
34 THE RESPECTIVE COMMUNITY COALITION, AS DEFINED IN § 12-421 OF THIS  
35 SUBTITLE; AND

1           (2)     AMONG OTHER DUTIES THAT THE OWNER CONSIDERS NECESSARY  
2 TO FULFILL THE POLICIES OF THE RESPECTIVE COMMUNITY COALITION, REPORT  
3 ANNUALLY TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE  
4 STATE GOVERNMENT ARTICLE, ABOUT HOW THE COMMUNITY HAS BEEN AFFECTED  
5 AND IMPACTED BY THE PRESENCE OF THE FACILITY IN THE COMMUNITY.

6 12-421.

7     (A)     IN THIS SECTION, "COALITION" MEANS COMMUNITY COALITION.

8     (B)     EVERY COMMUNITY WITHIN THE SURROUNDING AREA OF A FACILITY  
9 SHALL HAVE A COALITION.

10    (C)     THE COALITION SHALL CONSIST OF THE FOLLOWING MEMBERS:

11           (1)     THE LIAISON DESCRIBED UNDER § 12-420 OF THIS SUBTITLE; AND

12           (2)     (I)     A NONPROFIT ORGANIZATION IN THE RESPECTIVE  
13 COMMUNITY; OR

14                   (II)    IF THERE IS NO NONPROFIT ORGANIZATION LOCATED IN THE  
15 COMMUNITY, A NONPROFIT ORGANIZATION LOCATED CLOSEST TO THE COMMUNITY  
16 AND WILLING TO OVERSEE THE COMMUNITY IMPACT FUND, ESTABLISHED UNDER §  
17 12-422 OF THIS SUBTITLE.

18    (D)     THE LIAISON FOR EACH RESPECTIVE COALITION:

19           (1)     MAY NOT REQUIRE THE COALITION TO EXPEND, IN A CERTAIN  
20 MANNER, MONEY FROM THAT COALITION'S COMMUNITY IMPACT FUND; AND

21           (2)     MAY ADVISE THE COALITION ON HOW THE MONEY IN THAT  
22 COALITION'S COMMUNITY FUND MAY BE BETTER EXPENDED.

23    (E)     THE PURPOSE OF EACH COALITION SHALL BE TO:

24           (1)     DISCUSS ISSUES RELATED TO THE IMPACT OF THE FACILITY ON THE  
25 COMMUNITY;

26           (2)     MAINTAIN THE INTEGRITY OF THE COMMUNITY;

27           (3)     FULFILL ANY NEED THAT THE RESPECTIVE COALITION SEES ITS  
28 COMMUNITY NEEDS IN ORDER TO MAINTAIN THE FACILITY IN THE SURROUNDING  
29 AREA; AND

30           (4)     ADMINISTER THE RESPECTIVE COMMUNITY IMPACT FUND.

31    (F)     THE COALITION SHALL SCHEDULE MEETINGS AS IT CONSIDERS  
32 NECESSARY AND INFORM THE LIAISON OF THE TIME AND PLACE OF THE  
33 SCHEDULED MEETINGS.

1 12-422.

2 (A) IN THIS SECTION, "FUND" MEANS A COMMUNITY IMPACT FUND.

3 (B) THERE IS A COMMUNITY IMPACT FUND DESIGNATED FOR EACH  
4 FACILITY'S COMMUNITY IN THE SURROUNDING AREA.

5 (C) THE PURPOSE OF EACH FUND IS TO FULFILL ANY NEED THAT THE  
6 RESPECTIVE COMMUNITY COALITION DEEMS NECESSARY IN ORDER TO MAINTAIN  
7 THE FACILITY IN THE COMMUNITY.

8 (D) (1) EACH NONPROFIT ORGANIZATION THAT IS A MEMBER OF ITS  
9 RESPECTIVE COMMUNITY'S COALITION DESCRIBED UNDER § 12-421 OF THIS  
10 SUBTITLE SHALL ADMINISTER A FUND FOR ITS COMMUNITY.

11 (2) (I) IF THE RESPECTIVE COMMUNITY DOES NOT HAVE A  
12 COMMUNITY COALITION, THE FUND SHALL REMAIN DORMANT UNTIL A COALITION  
13 IS ESTABLISHED WITH A NONPROFIT ORGANIZATION IN THE COMMUNITY AS A  
14 MEMBER.

15 (II) IF THERE IS NOT A NONPROFIT ORGANIZATION LOCATED IN A  
16 COMMUNITY, A NONPROFIT ORGANIZATION LOCATED CLOSEST TO THE COMMUNITY  
17 AND WILLING TO OVERSEE THE FUND WILL BE THE ADMINISTRATOR OF THE FUND.

18 (E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT  
19 TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

20 (2) THE TREASURER SHALL HOLD EACH FUND SEPARATELY AND THE  
21 COMPTROLLER SHALL ACCOUNT FOR EACH FUND.

22 (F) EACH FUND SHALL CONSIST OF:

23 (1) AT LEAST 5% OF EACH RESPECTIVE FACILITY'S PROCEEDS FROM THE  
24 VIDEO LOTTERY TERMINALS OF EACH RESPECTIVE FACILITY, AS DISTRIBUTED BY  
25 THE COMMISSION UNDER § 12-404 OF THIS SUBTITLE;

26 (2) MONEY APPROPRIATED IN THE STATE BUDGET TO ANY ONE FUND  
27 OR ALL OF THE FUNDS; AND

28 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR THE  
29 BENEFIT OF ANY ONE FUND OR ALL OF THE FUNDS.

30 (G) EACH FUND MAY BE USED ONLY TO FULFILL THE PURPOSE UNDER  
31 SUBSECTION (C) OF THIS SECTION.

32 (H) (1) THE TREASURER SHALL INVEST THE MONEY OF EACH FUND IN THE  
33 SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

34 (2) ANY INVESTMENT EARNINGS FROM ANY OF THE FUNDS SHALL BE  
35 PAID INTO THE GENERAL FUND OF THE STATE.

1 (I) EXPENDITURES FROM EACH FUND SHALL ONLY BE MADE BY THE  
2 RESPECTIVE COMMUNITY COALITION.

3 (J) MONEY EXPENDED FROM EACH FUND FOR ANY NEED THAT THE  
4 RESPECTIVE COMMUNITY COALITION DEEMS NECESSARY IN ORDER TO MAINTAIN  
5 THE FACILITY IN THE COMMUNITY IS SUPPLEMENTAL TO AND IS NOT INTENDED TO  
6 TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR  
7 COMPULSIVE GAMBLING TREATMENT.

8 (K) AT THE END OF EACH FISCAL YEAR, THE COMPTROLLER SHALL TRANSFER  
9 INTO THE GENERAL FUND OF THE STATE ANY UNEXPENDED MONEY IN ANY FUND.

10 12-423.

11 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
12 INDICATED.

13 (2) "COMMISSION" MEANS THE STATE RACING COMMISSION.

14 (3) "FUND" MEANS THE MARYLAND-BRED RACE FUND, ESTABLISHED  
15 UNDER § 12-530 OF THE BUSINESS REGULATION ARTICLE.

16 (B) THE FUND SHALL RECEIVE MONEY, AS REQUIRED UNDER § 12-404 OF THIS  
17 SUBTITLE.

18 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE  
19 FUND SHALL BE ADMINISTERED IN ACCORDANCE WITH § 11-535 OF THE BUSINESS  
20 REGULATION ARTICLE.

21 (2) THE COMMISSION MAY ALLOCATE NOT MORE THAN 1% CREDITED TO  
22 THE FUND UNDER § 12-404 OF THIS SUBTITLE TO THE MARYLAND HORSE INDUSTRY  
23 BOARD, THE UNIVERSITY OF MARYLAND ANIMAL SCIENCE DEPARTMENT, AND THE  
24 MARYLAND AGRICULTURAL FAIR BOARD FOR EQUINE STUDIES.

25 **Article - Business Regulation**

26 11-529.

27 (a) In this part the following words have the meanings indicated.

28 (b) "Advisory Committee" means the Maryland-Bred Race Fund Advisory  
29 Committee.

30 (c) "Fund" means the Maryland-Bred Race Fund.

31 (d) "Fund Race" means a race funded by the Maryland-Bred Race Fund.

32 11-530.

33 There is a Maryland-Bred Race Fund.

1 11-531.

2 There is a Maryland-Bred Race Fund Advisory Committee, under the  
3 jurisdiction of the Commission, in the Department.

4 11-535.

5 (a) The Commission shall:

6 (1) administer the Fund and the Maryland-Bred Race Program with the  
7 help and advice of the Advisory Committee; and

8 (2) order each payment that is to be made from the Fund.

9 (b) The Commission shall:

10 (1) deposit the money allocated to the Fund by each mile thoroughbred  
11 racing licensee and the Maryland State Fair and Agricultural Society, Inc., into at  
12 least 1 bank or trust company in the State; and

13 (2) require the bank or trust company to secure the Fund by collateral.

14 (c) Within 5 days after a race meeting ends, the licensee shall pay to the  
15 Commission, to be held in the Fund, all money that is allocated to the Fund under  
16 this title but that was not disbursed during the race meeting.

17 (d) On recommendation of the Advisory Committee, the Commission may  
18 allocate not more than 5% of the Fund to races that are restricted to horses conceived,  
19 but not necessarily foaled, in the State.

20 (e) If the Commission uses ordinary care to choose the depository bank or  
21 trust company, the members are not personally liable for loss to the Fund because of  
22 failure, insolvency, or other fault of the depository bank or trust company.

23 SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding any  
24 other provision of law:

25 (a) the fee paid by any "qualified organization", as defined under § 13-202 of  
26 the Criminal Law Article, or an "eligible organization", as defined in § 12-304 of the  
27 Criminal Law Article, shall, on October 1, 2004, be increased by 100% but may not be  
28 less than \$250 nor more than \$1,000 for each such license or permit for:

29 (1) in the case of a qualified organization, a license or permit to conduct  
30 bingo games, carnivals, bazaars, raffles, benefit performances, casino nights, or any  
31 other event at which a gaming device, as defined in § 12-101 of the Criminal Law  
32 Article, is operated; or

33 (2) in the case of an eligible organization, a license to operate a slot  
34 machine under Title 12, Subtitle 3 of the Criminal Law Article.

1 (b) the amount of money generated by subsection (a) of this section shall be  
2 paid to the State Lottery Commission by the qualified organizations and the eligible  
3 organizations described in subsection (a) of this section; and

4 (c) the proceeds of the fees collected by the State Lottery Commission under  
5 this section shall be distributed as follows:

6 (1) 50% to the general fund of each county in which the qualified  
7 organizations or eligible organizations operate gaming devices or slot machines,  
8 respectively; and

9 (2) 50% to the General Fund of the State.

10 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
11 October 1, 2004.